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FOR ACTION

GREETING CARD AND RELATED OPERATIONS WORK PLAN AND PROPOSED BUDGET FOR 1991

Summary

This document presents the work plan and proposed budget for UNICEF greeting card and related operations (GCO) for the 1991 season (fiscal year 1 May 1991-30 April 1992).

Chapter I provides an overview of the work plan. Chapter II presents the income and expenditures budgeted for greeting cards and related products. Chapter III presents income and expenditures budgeted for private sector fund-raising. Special fund-raising events and new initiatives budgeted income and expenditures are presented in chapter IV.

The GCO medium-term plan for the period 1989-1995 is shown in chapter V.

A synopsis of 1990 achievements and planned activities for 1991 based on the rolling plan and the six corporate goals of GCO, are presented in annex I. Organizational structure and staffing for 1991 are described in annex II.

The Executive Director recommends that the Executive Board approve the GCO budget for the 1991 fiscal year and the draft resolutions contained in chapter VI.

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I. OVERVIEW

1. In 1990, greeting card and related operations completed their forty-first consecutive year of production and distribution of UNICEF products. GCO is currently achieving new records in volume and net profit and has broadened its responsibilities in private sector fund-raising and in special fund-raising events and new initiatives where it coordinates closely with other functional divisions of UNICEF.

2. After five years of experience in supporting private sector fund-raising appeals by National Committees for UNICEF and field offices, the 1991 GCO budget and work plan propose activities, income projections and expenditures covering all three GCO income-generating areas, which aim to maximize income for UNICEF general resources from the public at large:

(a) Greeting cards and related products;
(b) Private sector fund-raising;
(c) Special fund-raising events and new initiatives.

3. The GCO work plan and budget is based on the rolling-plan concept and six corporate goals:

(a) Goal No. 1: reach a 50 per cent net profit on sales proceeds by 1992 and thereafter;

(b) Goal No. 2: achieve global annual sales of 200 million cards by 1995;

(c) Goal No. 3: establish and maintain a unified UNICEF image in both products and promotion;

(d) Goal No. 4: increase funds for UNICEF general resources through fund-raising activities directed at the private sector;

(e) Goal No. 5: further develop the GCO human resources plan;

(f) Goal No. 6: maintain an effective management information system.

4. Within the corporate goals, major 1991 objectives for GCO are to:

(a) Reach a goal of 168 million cards sold and expand the "in-house" mailing lists of National Committees to 5 million addresses while raising $68.4 million in net operating profit through product sales, $11.4 million from private sector fund-raising and $3.6 million from special fund-raising events, for a consolidated net operating profit of $83.4 million;

(b) Integrate fully the private sector fund-raising and special fund-raising events and new initiatives mandates into the GCO structure and procedures in order to support National Committees, field offices and other partners in their efforts to achieve established sales and fund-raising goals with increased effectiveness and unity of purpose;

(c) Expand the range of products and improve the quality of existing products and promotional materials;

(d) Continue to contain costs through rigorous monitoring of performance indicators and application of detailed expense-approval systems;

(e) Increase sales outreach through special programmes such as the United States Committee consignee expansion programme, the European programmes for the creation of UNICEF shops and the business building plan for National Committees in Central and Eastern Europe (see also annex I to the present report, corporate goal No. 1(e));

(f) Expand donor constituencies and increase income from the private sector through new appeal campaigns and implementation of a three-year private sector fund-raising development programme (FDP) (see paras. 69-77 below).

5. A detailed breakdown of 1990 accomplishments and 1991 plans in relation to each of the six corporate goals is given in the synopsis in annex I.

6. Following the strong upward trend in sales volume and profits that commenced in 1985, the 1989 season generated a net operating profit of $63.1 million. After adjustments for exchange rate fluctuations, this resulted in a net contribution to UNICEF general resources of $61.7 million, the best results achieved to date (see also GCO financial report and accounts for the 1989 season (E/ICEF/1991/AB/L.5)).

7. Based on preliminary reports from National Committees for UNICEF, field offices and other sales partners, indications are that sales volume and profits from all GCO activities in the 1990 season are likely to exceed budget projections as well as previous years' results. Provisional figures for the 1990 season are presented to the Executive Board in the provisional report of the 1990 season (E/ICEF/1991/AB/L.4).

8. In accordance with the Executive Board's request, accounts for income and expenditures from all three areas of GCO income-generating activities are maintained and presented separately, but are consolidated in table 1.

Consolidated projections for 1991

9. Projections for 1991 income and expenditures are shown in table 1 under the heading "Proposed budget 1991", using three levels of projection: low, medium and high. The medium projection forms the basis for all other related figures presented in the work plan. The GCO 1991 net operating profit - consolidated, which includes income from products, fund-raising and special fund-raising events, is projected to be $83.4 million, an increase of $22.4 million (37 per cent) over the 1990 budget and $20.3 million (32 per cent) more than the actual for 1989. Income and expenditure figures are also strongly affected by currency fluctuations (see figure 1 and the note on exchange rate fluctuations).

10. The 1991 contribution to UNICEF general resources (net profit - consolidated) cannot be estimated accurately at this stage since it will again depend on the adjustments required due to possible exchange rate variations. GCO profit, income and expenditure information is subject to

Table 1. Income statement for 1989, budget for 1990 and proposed budget for 1991

	1989 Actual		1990 Budget		Proposed budget 1991 Low projection		Medium projection		High projection	
Card sales volume (millions)	152		150		160		168		175	
	Millions of US dollars	Percentage of gross proceeds	Millions of US dollars	Percentage of gross proceeds	Millions of US dollars	Percentage of gross proceeds	Millions of US dollars	Percentage of gross proceeds	Millions of US dollars	Percentage of gross proceeds
Gross proceeds	107.5	100.0	111.3	100.0	140.0	100.0	144.7	100.0	150.0	100.0
Less: Commissions and direct expenses at field offices	26.4	24.6	27.4	24.6	34.0	24.3	35.2	24.3	36.5	24.3
Net proceeds	81.1	75.4	83.9	75.4	106.0	75.7	109.5	75.7	113.5	75.7
Less: Cost of goods delivered	22.0	20.4	22.5	20.2	27.8	19.9	28.2	19.5	29.0	19.3
Operating costs	13.5	12.6	15.0	13.5	19.5	13.9	19.9	13.7	20.5	13.7
Add: Other income – net	6.4	6.0	5.0	4.5	6.4	4.6	7.0	4.8	8.0	5.3
Net operating profit – GCO products	52.0	48.4	51.4	46.2	65.1	46.5	68.4	47.3	72.0	48.0
Add: Net operating profit – private sector fund-raising (table 4)	11.1 a/		7.7		10.0		11.4		14.0	
Net operating profit – special fund-raising events and new initiatives (table 5)	–		1.9		1.9		3.6		4.8	
Net operating profit – consolidated	63.1		61.0		77.0		83.4		90.8	
Less: Exchange rate adjustment	1.4		–		–		–		–	
Net profit – consolidated	61.7		61.0		77.0		83.4		90.8	

a/ Additional income of $2.9 million was allocated for supplementary funds and will be shown in the UNICEF financial report.

Total expenditures (included in above statement)

GCO products (table 3) (direct expenses at field offices, cost of goods delivered and operating costs.)	37.4	34.8	39.4	35.4	49.1	35.1	50.2	34.7	51.5	34.3
Private sector fund-raising (table 4) (incl. operating costs and research and development)	1.1		2.4		2.2		2.5		2.8	
Private sector fund-raising development programme (table 4)	–		–		3.0		3.0		3.0	
Special fund-raising events and new initiatives (table 5) (incl. operating costs and research and development)	–		1.1		1.1		1.4		1.7	
Total expenditures – consolidated	38.5		42.9		55.4		57.1		59.0	

Figure 1

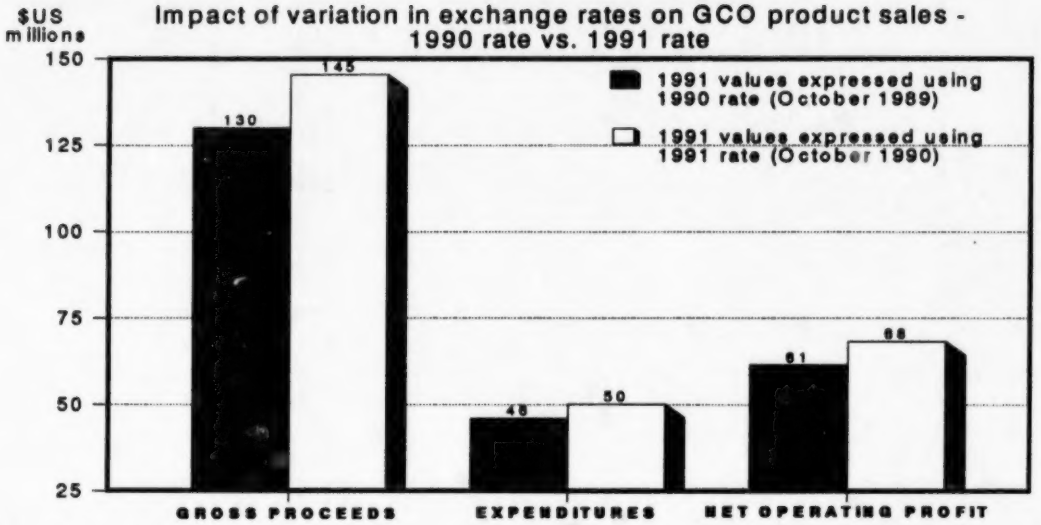


Figure 1 shows the projected 1991 gross proceeds , total expenditures and net operating profit from products at the 1990 (October 1989) and 1991 (October 1990) United Nations exchange rates. In one year, the variation in the United States dollar increased gross proceeds by $15.1 million, expenditures by $4.1 million and net operating profit by $7.4 million.

Figure 2

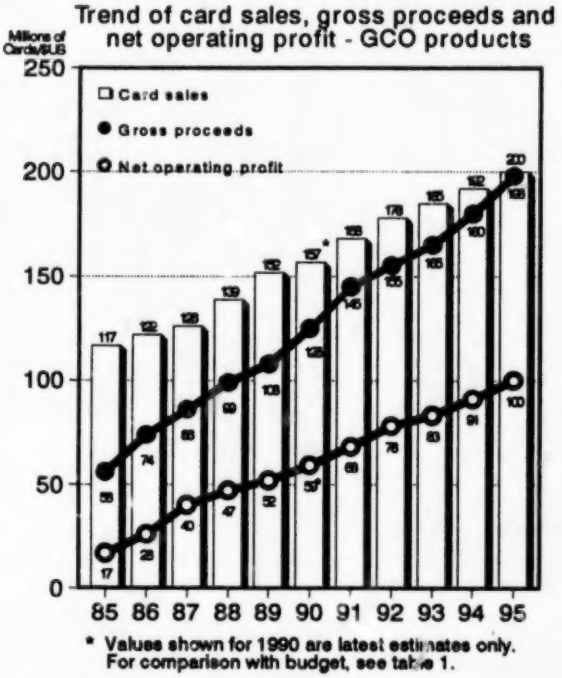
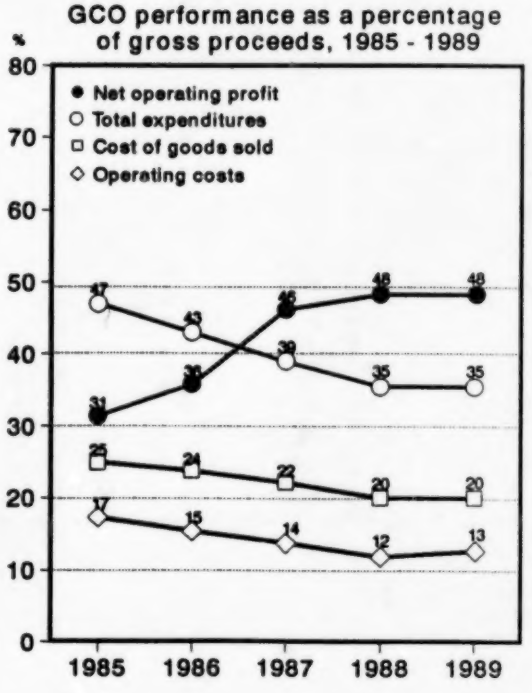

Trend of card sales, gross proceeds and net operating profit - GCO products
Millions of Cards/$US
250
200
150
100
50
0
Card sales
Gross proceeds
Net operating profit
85 86 87 88 89 90 91 92 93 94 95
* Values shown for 1990 are latest estimates only. For comparison with budget, see table 1.

Figure 3



currency fluctuations in relation to the United States dollar. In the present document, the October 1990 United Nations rates of exchange have been used.

11. Projected income and expenditures broken down by area of activity are as follows:

(a) Greeting cards and related products. Sales of 168 million cards (table 2) are expected, 18 million more than the 1990 approved budget and 16 million more than the 1989 actual. Gross proceeds are estimated at $145 million. Total expenditures needed to reach those targets and achieve the net operating profit objective of $68.4 million are estimated at $50.2 million (see paras. 13-52 and table 3 for details);

(b) Private sector fund-raising. The net operating profit from GCO-supported private sector fund-raising activities in 1991 is projected at $11.4 million, $3.7 million above the 1990 budget. This increase is expected from the expansion of donor constituencies owing to private sector fund-raising activities by National Committees and field offices supported by GCO. Total expenditures are projected at $5.5 million for 1991, including operating costs of $1.3 million, research and development costs of $1.2 million and a private sector FDP costing $3 million (see paras. 53-77 and table 4);

(c) Special fund-raising events and new initiatives. In 1990, GCO was entrusted with the responsibility for special fund-raising events and new initiatives. Structures and procedures based on previous Executive Board considerations have been established. The net operating profit for special fund-raising events and new initiatives is budgeted at $3.6 million in 1991, $1.7 million more than the 1990 budget. Total expenditures are estimated at $1.4 million, including operating costs of $1.0 million and $0.4 million for research and development (see paras. 78-87 and table 5).

12. Although the above-mentioned expansion of the mandate of GCO requires the establishment of certain new project posts (non-core posts, see annex II), established posts (core posts) will remain at the 1984 level of 140.

II. GREETING CARDS AND RELATED PRODUCTS

13. By the close of its forty-first season, GCO had sold a total of 2.6 billion greeting cards since its inception. The GCO collection includes close to 3,000 reproductions of art from 135 countries, and sales to date account for net contributions to UNICEF general resources of $400 million. Some $275 million of this amount was raised during the past 10 years alone.

14. The year 1991 marks the sixth year of implementation of the 21-point action programme, as contained in document E/ICEF/1986/AB/L.11, which the Executive Board approved in 1986. The action programme, as well as the

Table 2. Sales forecast by sales region, 1989–1991

(In thousands of cards)

Country/region	1989 Actual	1990 Estimate a/	1991 Forecast Low	Medium	High
Canada	6,425	6,800		7,000	
United States	12,994	12,860		14,500	
Total North America - Region I	19,419	19,660	20,600	21,500	23,000
Argentina	768	800		850	
Brazil	5,838	5,860		6,500	
Chile	318	400		450	
Colombia	1,027	1,100		1,150	
Ecuador	303	350		350	
Mexico	441	600		700	
Peru	391	400		430	
Uruguay	409	400		430	
Venezuela	108	150		170	
Other countries	749	810		800	
Total Latin America - Region II	10,352	10,870	11,300	11,830	12,200
Bangladesh	64	70		80	
Hong Kong	436	500		600	
Indonesia	390	450		450	
Japan	3,478	3,750		3,800	
Republic of Korea	258	350		400	
Malaysia	157	200		220	
Philippines	279	350		380	
Singapore	169	220		220	
Sri Lanka	82	80		80	
Thailand	120	250		250	
Other countries	162	168		239	
Total Asia - Region III	5,595	6,388	6,350	6,719	7,000
Australia	2,147	2,400		2,500	
India	7,142	6,850		7,500	
New Zealand	492	500		500	
Pakistan	321	400		400	
Other countries	22	0		0	
Total Pacific, India & Pakistan - Region IV	10,124	10,150	10,550	10,900	11,500
Austria	1,571	1,575		1,805	
Belgium	2,115	2,495		2,478	
Denmark	1,888	2,024		2,198	
Finland	2,961	3,000		3,308	
France	14,392	15,200		15,800	
Germany, Federal Republic of b/	16,364	16,600		19,575	
Greece	2,333	2,600		2,831	
Italy	7,208	7,700		7,717	
Netherlands	7,756	8,000		8,277	
Norway	2,333	2,300		2,551	
Spain	13,571	15,000		15,488	
Sweden	3,921	3,600		4,472	
Switzerland	4,459	4,500		4,768	
Turkey	2,953	3,500		3,884	
United Kingdom	2,402	2,500		2,980	
Other countries	15,903	13,888		13,169	
Total Europe - Region V	102,130	104,482	106,300	111,301	115,000
Africa & Middle East - Region VI	4,833	5,000	5,300	5,450	6,000
Total all regions	152,453	156,550	160,400	167,700	174,700

a/ Estimated on the basis of sales reports during the 1990/91 campaign compared with the 1990 budget of 150 million. Updated results will be presented to the Executive Board in the provisional report on the 1990 season (E/ICEF/1991/AB/L.4).

b/ Through accession of the German Democratic Republic to the Federal Republic of Germany with effect from 3 October 1990, the two German States have united to form one sovereign State. As from the date of unification, the Federal Republic of Germany acts in the United Nations under the designation of "Germany".

interregional sales development programme (ISDP), which was successfully implemented from 1984 to 1988, resulted in substantial increases in sales volume, gross proceeds and net profits, and helped to provide the necessary infrastructure for future expansion and gains in profitability (see figure 2).

15. The introduction of detailed plans of operation for area and field offices, the implementation of ISDP and the monitoring of performance on a country-by-country basis using performance indicators (E/ICEF/1987/AB/L.11, E/ICEF/1988/AB/L.5, E/ICEF/1989/AB/L.5, E/ICEF/1990/AB/L.5 and E/ICEF/1991/AB/L.5) are measures that have contributed to improving the overall profitability of the operation (see also figure 3).

16. Sales partners base their targets and performance objectives on the GCO performance indicators. The National Committees for UNICEF in Europe have increased their contribution to GCO (see E/ICEF/1990/AB/L.5 and E/ICEF/1991/AB/L.5) from 55 per cent of gross proceeds in 1984 to 61 per cent in 1989. The average contribution of all sales partners world-wide increased from 49 to 61 per cent in the same period. To reach the global goal of 50 per cent net profitability, the per country contribution to GCO should average 63 per cent.

A. Budgeted income levels

17. Sales volume, gross proceeds and net operating profit have shown encouraging growth over the period 1984-1989 and continued improvement is expected (see table 1 and figure 2). Sales volume for 1991 is projected at 168 million cards, an increase of 18 million (12 per cent) over the level budgeted for 1990 and 16 million (11 per cent) over actual volume in 1989. Sales forecasts by country and region are shown in table 2. All regions are expected to continue the upward trend begun in 1985, with major gains expected in Europe.

18. Gross proceeds for 1991 are expected to range from a low of $140 million to a high of $150 million. The medium projection is $144.7 million, an increase of $33.4 million (30 per cent) over the 1990 budget and $37.2 million (35 per cent) over actual 1989 gross proceeds. Of this increase, $12.0 million is expected from increased volume and higher prices, $7.5 million from the sale of new products and $14.0 million as a result of a weaker United States dollar (see figure 1 and the note on currency exchange rates).

19. Commissions/retentions by National Committees for UNICEF and expenses at field offices will total $35.2 million. This important working capital not only supports and promotes product sales, but also helps to sustain other important areas of National Committee work such as advocacy, development education, information activities and fund-raising.

20. Total expenses for 1991 are projected at $50.2 million, which is $10.8 million (27 per cent) more than the 1990 budget and $12.8 million (34 per cent) more than 1989 actual expenses. Of this increase, $4.1 million is the result of variations in currency exchange rates and $6.1 million the result of higher production and operating costs (for details, see figure 1 and para. 25 below).

Table 3. Greeting card and related products

Budgeted expenditures for the fiscal year 1991 compared with budget 1990 and actual 1989

(In thousands of United States dollars)

Expenditures	Actual 1989	Budget 1990	Proposed budget 1991	Changes 1991 versus 1990 $	Changes 1991 versus 1990 %
Direct production costs					
Cards	9,611	9,490	10,503	1,013	10.7
Stationery products	1,234	2,426	3,211	785	32.4
Other GCO products	3,803	2,922	4,904	1,982	67.8
Total direct production costs	14,648	14,838	18,618	3,780	25.5
Indirect production costs					
Freight,duties and taxes	2,892	2,636	3,664	1,028	39.0
Storage	157	139	146	7	5.0
Indirect labour and benefits	260	479	566	87	18.2
Other maintenance supplies/services	98	122	139	17	13.9
Promotional materials	3,949	4,334	5,048	714	16.5
Total indirect production costs	7,356	7,710	9,563	1,853	24.0
Semi-fixed costs					
Short-term Professional staff a/	573	972	2,077	1,105	113.7
Short-term General Service staff a/	1,853	1,676	1,975	299	17.8
Travel, conference and liaison	860	940	1,096	156	16.6
Communications	361	343	380	37	10.8
Office supplies, maintenance and services	439	349	306	(43)	(12.3)
Research and development and design samples	142	510	520	10	2.0
Furniture and office equipment	343	1,024	1,830	806	78.7
Rent and maintenance of equipment	340	324	923	599	184.9
External audit costs	117	77	97	20	26.0
Special projects	639	600	950	350	58.3
Others b/	735	396	846	450	113.6
Total semi-fixed costs	6,402	7,211	11,000	3,789	52.5
Fixed costs					
Established posts c/	5,221	5,472	6,324	852	15.6
Other benefits	1,959	2,160	2,443	283	13.1
Rent	1,664	1,934	1,988	54	2.8
Depreciation	74	13	140	127	976.9
Payments to UNICEF d/	105	105	105	0	0.0
Total fixed costs	9,023	9,684	11,000	1,316	13.6
Total GCO product expenses	37,429	39,443	50,181	10,738	27.2

a/ Non-core posts (see table 9).
b/ Order handling, insurance, diplomatic pouch, etc.
c/ Core posts (see table 8).
d/ For common services, e.g., electronic data, information, legal.

21. Other income - net is projected at $7.0 million, $0.6 million more than in 1989. This is $2.0 million more than the amount budgeted for 1990 and represents income from licensed products, donations generated through GCO brochures and order forms, as well as miscellaneous income such as bank interest, discounts on purchases and prior year adjustments.

22. For 1991, net operating profit from GCO products is projected at $68.4 million (47.3 per cent of gross proceeds), $17.0 million (33 per cent) more than the 1990 budget and $16.4 million (32 per cent) more than 1989 actual (see figure 1 and the note on the effect of currency exchange rate fluctuations).

23. Figure 3, shows GCO net operating profit from products (1985-1989) compared with expenditures, cost of goods sold and operating costs. All amounts are expressed as percentages of gross proceeds, showing the relative improvement in performance in all categories. Over the five-year period, net operating profit has increased and expenditures have decreased substantially.

B. Analysis of budgeted expenditures

24. Total product expenditures for the 1991 fiscal year are budgeted at $50.2 million, an increase of $10.8 million (27 per cent) compared with the 1990 budget and $12.8 million (34 per cent) higher than actual 1989 expenditure (see table 1). As a percentage of gross proceeds, 1991 budgeted expenditures are 34.7 per cent, 0.7 per cent lower than the 1990 budget and 0.1 per cent lower than actual 1989 expenditures.

25. A major portion of this increase is attributed to: (a) the impact of the changed United States dollar on expenses incurred in other currencies ($4.1 million) (see figure 1 and the note on the effect of currency exchange rate fluctuations); (b) higher production costs to support the increased volume and the cost of new products being introduced in 1991 ($3.2 million); (c) a one-time cost related to the global information systems review and to replace obsolete hardware ($1.6 million); and (d) additional staff costs necessary to support the sales expansion including cost of statutory increases and upgrades ($1.4 million).

26. The following is a line-by-line analysis of expenditures budgeted for 1991. Explanations are given for all significant variances compared with the 1990 budget.

Direct production costs

27. This category includes direct material and labour costs used in the production of goods for the 1991 season.

	(In thousands of United States dollars)				
	Actual 1989	Budget 1990	Budget 1991	Changes 1991 versus 1990	
				$	%
Cards	9,611	9,490	10,503	1,013	10.7
Stationery products	1,234	2,426	3,211	785	32.4
Other GCO products	3,803	2,922	4,904	1,982	67.8

28. Cards. The increase of $1.0 million (10.7 per cent) is mainly due to substantially higher production volume, an increase of 12.4 million cards (7.7 per cent), higher material and labour costs and the effect of exchange rate variations (see figure 1 and the note on currency exchange rate fluctuations).

29. Stationery products. The increase in this category is due to the introduction of new products (writing box, wall calendar, photo desk calendar, pocket diary, accordion folio, address/telephone book, etc.); the increased production volume on existing products; and the variation in the United States dollar exchange rate. The total cost increase of $0.8 million (32.4 per cent) will help to generate additional revenues of $3.4 million as compared with the 1990 budget.

30. Other GCO products. This category includes educational products (puzzles, children's books, cook books, games, etc.) and special products (mugs, T-shirts, ornaments, dolls, shopping bags, etc.). The increase is due to the introduction of 34 new products or designs (23 in the New York area and 11 at Geneva), which includes porcelain cups, new designs of mugs, T-shirts, puzzles, children's products, etc., and the variation in the United States dollar exchange rate. The total additional cost of $2.0 million (67.8 per cent) will help to generate additional revenues of $6.4 million.

Indirect production costs

31. This category includes the production of promotional materials, freight, duties and taxes, and variable costs of production for material and labour which cannot specifically be attributed to any particular product.

	(In thousands of United States dollars)				
	Actual 1989	Budget 1990	Budget 1991	Changes 1991 versus 1990 $	%
Freight, duties and taxes	2,892	2,636	3,664	1,028	39.0
Storage	157	139	146	7	5.0
Indirect labour and benefits	260	479	566	87	18.2
Other maintenance, supplies and services	98	122	139	17	13.9
Promotional materials	3,949	4,334	5,048	714	16.5

32. Freight, duties and taxes. This increase is due to additional volume ($0.6 million), non-reimbursable taxes and the effect of the changed value of the United States dollar ($0.3 million).

33. Storage. This increase is due to higher rental rates.

34. Indirect labour and benefits. The increase is the result of higher rates for contracted labour.

35. Other maintenance, supplies and services. This increase is attributed to price adjustment of utilities, i.e., electricity, water and other outside maintenance and services.

36. Promotional materials. The increase in promotional costs is to expand GCO outreach to a broader public and to build the foundation for future growth. The following is a breakdown of cost increases, with exchange rate variations included:

(a) New advertising campaigns with spots on television/radio ($0.3 million);

(b) The establishment of new UNICEF stores/centres, the renovation of existing centres and the cost of new display stands and albums ($0.2 million);

(c) A provision for research of tie-in programmes (i.e., hypermarkets, consumer products, business campaigns) and the introduction of a separate gift brochure in Europe ($0.1 million);

(d) Increased volume of promotional materials for existing products ($0.1 million).

Semi-fixed costs

37. This category comprises all other variable costs not directly related to production.

	(In thousands of United States dollars)				
	Actual 1989	Budget 1990	Budget 1991	Changes 1991 versus 1990	
				$	%
Short-term Professional staff	573	972	2,077	1,105	113.7
Short-term General Service staff	1,853	1,676	1,975	299	17.8
Travel, conference and liaison	860	940	1,096	156	16.6
Communications	361	343	380	37	10.8
Office supplies, maintenance and services	439	349	306	(43)	(12.3)
R & D and design samples	142	510	520	10	2.0
Furniture and office equipment	343	1,024	1,830	806	78.7
Rent and maintenance of equipment	340	324	923	599	184.9
External audit costs	117	77	97	20	26.0
Special projects	639	600	950	350	58.3
Other	735	396	846	450	113.6

38. Short-term Professional staff. The proposed increase of $1.1 million comprises:

(a) Statutory increases for existing staff ($0.1 million);

(b) Cost of nine new project posts (five in the New York area office and four in the Geneva area office) and three national officer posts, one each in Brazil, Malaysia and the Republic of Korea ($0.9 million);

(c) The impact of exchange rate variations ($0.1 million).

39. Short-term General Service staff. The increase is a result of the cost of four new posts in the Geneva area office ($0.2 million) and the impact of the weaker United States dollar ($0.1 million).

40. Travel, conference and liaison. The increase ($0.2 million) is to provide for a marketing workshop planned for the Africa region and the cost of additional travel to provide sales support to sales partners in developing markets.

41. Communications. This increase is mainly due to rate increases in telephone and cable services.

42. Office supplies, maintenance and services. The decrease in this category is the result of a provision made in 1990 for non-recurrent costs in connection with the move to a new office location in New York.

43. Research and development and design samples. The expenses in this category will be maintained at 1990 budget levels.

44. Furniture and office equipment. This category includes a one-time non-recurring cost related to the global review of information systems to meet the new requirements of GCO growth and to replace existing hardware, which is now eight years old. An amount of $0.8 million is budgeted for proposed new hardware and peripherals, and $0.3 million for system software.

45. Rent and maintenance of equipment. The increase in this category relates to the updating of the electronic data processing system software (also referred to in para. 44 above), of which the cost of conversion to the new software is estimated at $0.3 million. Other costs included in this category relate to the upgrading and maintenance of existing typesetting, compugraphic and computer hardware.

46. External audit costs. This represents the GCO portion of the total external audit costs of UNICEF.

47. Special projects. Expenses in this category are:

(a) To support a business building plan for National Committees in Central and Eastern Europe impacted by recent changes that resulted in their privatization. The plan is designed to develop new income-generating activities that would enable most National Committees to cover their greeting card operating expenses from the 25 per cent retention allowed on gross proceeds within three years of the commencement of the programme;

(b) For the implementation of sales and marketing expansion and development plans in GCO major markets, which have currently not reached full potential, especially Brazil, India and the United States of America.

48. Other. This category comprises such expenses as miscellaneous supplies, office freight, general insurance, diplomatic pouch and staff training. The increase is due to substantially higher costs budgeted for training,

especially related to the new information to be implemented in 1991 and in line with GCO corporate goal No. 5 related to the GCO human resources plan.

Fixed costs

49. This category includes the cost of established posts (core posts), related staff benefits, rent, depreciation and payments to UNICEF, e.g., electronic data, information and legal services.

	(In thousands of United States dollars)				
	Actual 1989	Budget 1990	Budget 1991	Changes 1991 versus 1990	
				$	%
Established posts	5,221	5,472	6,324	852	15.6
Other benefits	1,959	2,160	2,443	283	13.1
Rent	1,664	1,934	1,988	54	2.8
Depreciation	74	13	140	127	976.9
Payments to UNICEF	105	105	105	0	0.0

50. Established posts and other benefits. Since 1984, the number of established posts in GCO has been maintained at 140. The increase in expenditure is due to statutory cost increases and upgradings of posts ($0.6 million) and the effect of exchange rate fluctuations on payments made in non-United States dollar currencies ($0.5 million).

51. Rent. This category includes rental costs for all GCO facilities, including its offices in New York and Geneva. The increase in 1991 ($0.1 million) is due to higher rents at field offices.

52. Depreciation. This includes the cost of depreciation of assets capitalized by GCO in accordance with its accounting policies. The increase in 1991 ($0.1 million) is due to the depreciation provision for construction costs related to the new New York offices.

III. PRIVATE SECTOR FUND-RAISING

53. During 1990, the role of GCO in private sector fund-raising continued to expand as income from National Committees and field offices increased and support services provided by GCO grew. A synopsis of 1990 accomplishments and 1991 plans is given in annex I, corporate goal No. 4.

A. 1989 income

54. Net proceeds from GCO private sector fund-raising activities in 1989 totalled $12.2 million (see table 4). After deducting costs, the net operating profit was $11.1 million.

55. As in 1988, the majority of the net proceeds generated in the area of private sector fund-raising came from two international direct mail appeals, which were:

(a) The UNICEF "Review of the Year", which provides supporters with an account of UNICEF activities, income and expenditures in the previous year and makes an appeal for renewed donations. In 1989/90, 1.1 million copies were distributed in 13 countries, raising over $2.5 million in net proceeds;

(b) The "pocket diary" premium campaign, which is used both to attract new donors to UNICEF and to generate contributions from regular donors. The UNICEF pocket diary contains information on a UNICEF "theme" such as health, education, nutrition, etc. In 1989/90, this campaign involved over 4 million households and raised over $5 million. In 1990/91, income is expected to increase with the expansion of the campaign to more than 8 million households in Australia, Belgium, France, Germany, Italy, the Netherlands, New Zealand and the United Kingdom of Great Britain and Northern Ireland.

B. 1991 budgeted income levels

56. GCO has established a plan of action for private sector fund-raising support in 1991 (see annex I, corporate goal No. 4), including a private sector fund-raising development programme (FDP) (see paras. 69-77 below).

57. Net proceeds are projected at $16.9 million, $6.7 million more than the 1990 budget and $4.7 million more than 1989 actual proceeds. The increase is the result of the proposed FDP and the rapid growth of private sector fund-raising activities among National Committees and field offices cooperating with GCO. This is expected to yield a net operating income of $15.6 million after operating costs and a net operating profit of $11.4 million after the deduction of research and development costs ($1.2 million) and FDP ($3.0 million). Methods to be applied are:

(a) Direct appeals such as direct mail, telephone solicitation, pledge giving, payroll deductions, legacies and bequests, general resources project submissions and "affinity" credit cards;

(b) Mass appeals such as print and broadcast public service announcements, telethons and radiothons, "Change for Good" airline collections, auctions, door-to-door collections and corporate sponsorship.

C. Analysis of budgeted expenditures

58. In 1991, GCO plans to spend a total of $5.5 million for private sector fund-raising, of which $1.3 million is for operating costs, $1.2 million is for research and development and $3.0 million is for FDP, which will also benefit National Committees that choose to undertake such initiatives.

Table 4. Private sector fund-raising

Income statement for 1989, 1990 budget and proposed budget 1991

(In thousands of United States dollars)

	1989 Actual	1990 Budget	Proposed budget 1991 Low projection	Medium projection	High projection
Net proceeds					
Direct appeal campaigns for:					
- In-house donors	12,158	8,550	10,000	10,825	12,800
- New donor acquisition		1,300	4,700	5,975	7,300
Mass appeal campaigns		300	0	100	150
Total net proceeds	12,158	10,150	14,700	16,900	20,250
Operating costs					
Short-term Professional staff a/	386	559	774	774	774
Short-term General Service staff a/	8	211	242	242	242
Travel, conference and liaison	55	142	151	151	151
Support services and materials	116	114	33	33	33
Rent, equipment, supplies and freight	27	99	87	87	87
Seni expenses b/	201	0	0	0	0
Production costs	114	0	0	0	0
Total operating costs	1,017	1,125	1,287	1,287	1,287
Net operating income	11,141	9,025	13,413	15,613	18,963
Research and development					
Fund-raising development programme			2,500	3,000	3,500
Public attitude surveys		300	100	200	300
Fund-raising test campaigns		200	200	300	400
Development of new methods		730	492	592	692
Analysis, compilation, etc.	69	100	100	100	100
Total research and development	69	1,330	3,392	4,192	4,992
Net operating profit - fund-raising	11,072	7,695	10,021	11,421	13,971

a/ Non-core posts.

b/ Expenses for special fund-raising events and new initiatives (SENI) for 1989 are reported in the present table on a one time basis only, as there were not yet any net proceeds to be shown during 1989.

Operating costs

	(In thousands of United States dollars)				
	Actual 1989	Budget 1990	Budget 1991	Changes 1991 versus 1990 $	%
Short-term Professional staff	386	559	774	215	38
Short-term General Service staff	118	211	242	31	15
Travel, conference and liaison	55	142	151	9	6
Support services and materials	116	114	33	(81)	(71)
Rent, equipment, supplies and freight	27	99	87	(12)	(12)
Production costs	114	0	0	0	0

59. Short-term Professional staff. The increase of $0.2 million is a result of an additional project post and the cost of statutory salary increases.

60. Short-term General Service staff. The increase is the result of an additional General Service post budgeted for 1991.

61. Travel, conference and liaison. The expenses in this category will be maintained at 1990 budget levels.

62. Support services and materials. A decrease of $0.1 million is foreseen as more sales partners will be charged for services and materials provided by GCO on a reimbursable basis.

63. Rent, equipment, supplies and freight. This expense will be below the 1990 budget level.

Research and development

64. In order to assist National Committees and field offices in assessing the potential for expanding private sector fund-raising, GCO has budgeted an amount of $1.2 million for public attitude surveys, fund-raising test campaigns and the development of new methods in private sector fund-raising. The results of these studies will make it possible for many National Committees, which are the principal source of potential private sector income, and field offices to plan for the expansion of their private sector fund-raising activities and to identify the type and quantity of support services that they will need GCO to provide as part of its cooperation.

	(In thousands of United States dollars)				
	Actual 1989	Budget 1990	Budget 1991	Changes 1991 versus 1990 $	%
Public attitude surveys	-	300	200	(100)	(33)
Fund-raising test campaigns	-	200	300	100	50
Development of new methods	-	730	592	138	19
Analysis, compilation, etc.	69	100	100	0	0

65. Public attitude surveys. A number of National Committees and field offices have so far not been involved in private sector fund-raising activities other than the selling of greeting cards and related products. Many of these partners, therefore, are increasingly interested in surveying the attitudes of their publics in order to determine the potential for fund-raising success and to establish long-term fund-raising goals and strategies. GCO has budgeted $0.2 million to cover these actions.

66. Fund-raising test campaigns. An amount of $0.3 million is budgeted to test new fund-raising appeals and channels, where fund-raising is well established, but where the potential for obtaining greater support exists.

67. Development of new methods. New methods of fund-raising that can yield substantial income, but that may not yet have been implemented by some of the National Committees and field offices, such as payroll deduction and legacies and bequests, often require a major investment of funds before they can yield results. To help partners assess, test and begin implementation of such new methods, GCO has budgeted $0.6 million.

68. Analysis, compilation, etc. The work of analysing and compiling statistics gained from the above-mentioned surveys and tests requires professional expertise, computer processing and statistical analysis, for which $0.1 million has been budgeted, as in 1990.

D. Private Sector Fund-raising Development Programme

69. UNICEF is entering the 1990s with new and ambitious goals to improve the survival and well-being of the world's children by the year 2000. At the World Summit for Children, heads of State and Government pledged additional support for UNICEF objectives. However, achieving those objectives will require understanding by and support from the private sector. It is proposed, therefore, that GCO create, on a three-year test basis, a Private Sector Fund-raising Development Programme (FDP) to assist National Committees and UNICEF field offices to develop their capacity for private sector fund-raising. The main emphasis of this programme will be to provide UNICEF partners with the means to establish, or in some cases to expand, existing in-house lists of private donors to the organization, as these lists are an essential resource for informing donors and attracting substantially increased funds from the private sector.

70. GCO will fund FDP entirely from its own income, with only minimal effect on its revenues. A three-year investment of $12 million is proposed - $3 million for 1991, $5 million for 1992, and $4 million for 1993, (see para. 75 and table 4) - a sum that will initially generate at least the same amount in return. The funds expended during this period represent an investment in the future of private sector fund-raising and should result in substantially increased income and outreach during the coming decade.

71. The structure and implementation of this proposed programme are based on the GCO Inter-regional Sales Development Programme that was approved by the Executive Board in 1984 and successfully implemented in 1984-1987 (see E/ICEF/1984/AB/L.6, E/ICEF/1987/AB/L.11 and E/ICEF/1989/AB/L.11).

72. A major constraint to growth in fund-raising is the need to invest financial resources before significant returns can be achieved. Growth in direct mail fund-raising depends on building a broad base of donors who respond regularly to appeals for contributions; increasing the average gift of each donor; increasing the frequency of donations; and reducing the attrition rate of donors who give regularly.

73. To achieve this at an acceptable rate of return is a major challenge. In the build-up stages of fund-raising, it is often impossible to obtain a high cost-benefit ratio. Consequently, some National Committees have indicated a need and interest for assistance in investing for longer-term growth.

74. GCO believes that, in most countries, there is promising potential for direct mail and other private sector fund-raising methods. National Committees with long-established programmes of direct mail fund-raising would focus their efforts on obtaining a larger share of their own fund-raising markets and increasing income from their own mailing lists. National Committees and field offices just embarking on such ventures would establish a capacity to reach out to potential donors. In both instances, a large number of new donors would be added to their mailing lists, a top priority for UNICEF in its post-Summit role of capitalizing on widespread public awareness of child-related problems.

75. GCO proposes to allocate funds authorized for FDP on the basis of needs expressed by National Committees and field offices at various stages in the development of their fund-raising capacities. The funds allocated would be used primarily for increased direct mail prospecting, including testing, the rental of lists, the production of appeal materials, postage, infrastructure support and training. Funds would also be used to roll out tested appeals to full campaigns and to evaluate results and findings. The programme is intended to increase substantially the existing base of donors, which would, within a relatively short period of time, generate income far exceeding the investment. A breakdown of funds needed, by region and fiscal year, is given below.

Private sector fund-raising development programme: allocation of funds by region (in millions of United States dollars)

	Region	1991	1992	1993
I.	North America	0.8	1.0	1.0
II.	Latin America and the Caribbean	0.1	0.4	0.2
III.	Asia	0.2	0.5	0.4
IV.	The Pacific, India and Pakistan	0.2	0.5	0.3
V.	Europe	1.7	2.5	2.0
VI.	Africa and the Middle East	-	0.1	0.1
	Total	3.0	5.0	4.0

76. In all cases, major fund allocations would be made only with the consent of the Greeting Card Committee and in accordance with the UNICEF Financial Regulations and Rules Special Supplement-GCO after substantial testing and research had shown that the potential actually existed for gaining significant returns.

77. Implementation of the programme will be constantly monitored and reports on progress will be submitted to the Executive Board on a regular basis. During the third year, a thorough evaluation of the programme will be carried out to determine whether, and to what extent, it should be continued, and if any further funding from the GCO budget is needed.

IV. SPECIAL FUND-RAISING EVENTS AND NEW INITIATIVES

78. In 1989, the Executive Director entrusted the handling of special fund-raising events to GCO, and in April 1990, the Executive Board approved the establishment of the Special Fund-raising Events and New Initiatives Section (SENI). During 1990, quantitative goals and a thorough review process for special fund-raising events and new initiatives were formulated and implemented. The new section has been used frequently by National Committees and field offices for advice and guidance on proposals for special fund-raising events and new initiatives and for implementation support.

A. 1991 objectives

79. SENI objectives for 1991 are to:

(a) Repeat an international telethon, the Danny Kaye International Children's Awards Programme, which was implemented successfully in 1990, and to enhance the quality and income of that event;

(b) Obtain proceeds from ongoing sports events in different countries through programmes initiated by SENI, in cooperation with National Committees;

(c) Provide a timely, consistent and competent review of incoming proposals for special fund-raising events and new initiatives, both national and international;

(d) Act as a clearing-house for successful special fund-raising events and new initiatives organized by National Committees and field offices;

(e) Support National Committees and field offices, as requested, in the professional planning, implementation, and evaluation of transnational and national fund-raising events;

(f) Test a new fund-raising initiative related to UNICEF education goals for the 1990s and develop an initiative related to the Convention on the Rights of the Child;

(g) Complete and distribute a manual on special fund-raising events for National Committees and field offices and provide training support in these areas.

Table 5. Special fund-raising events and new initiatives (SENI)

Income statement for 1989, 1990 budget and proposed budget 1991

(In thousands of United States dollars)

	1989 a/ Actual	1990 Budget	Proposed budget 1991		
			Low projection	Medium projection	High projection
Total net proceeds		3,000	3,000	5,000	6,500
Operating costs					
Short-term Professional staff b/		450	595	640	650
Short-term General Service staff b/		100	113	115	115
Training and liaison		40	110	110	110
Communications		32	40	60	60
Equipment and rent		65	55	60	60
Miscellaneous supplies		6	6	10	10
Total operating costs	0	693	919	995	1,005
Net operating income	0	2,307	2,081	4,005	5,495
Research and development costs					
Survey and testing		150	100	150	300
Project development		250	100	250	350
Total research and development costs	0	400	200	400	650
Net operating profit	0	1,907	1,881	3,605	4,845

a/ For information on 1989 SENI expenses, see table 4.
b/ Non-core posts.

B. Budgeted income

80. Total net proceeds for 1991 are projected at $5 million (medium projection, see table 5). A large part of this income is expected to come from an international telethon. After the deduction of operating costs and research and development costs, the net operating profit is budgeted at $3.6 million.

C. Analysis of budgeted expenditures

81. For 1991, GCO has budgeted $1.0 million for operating costs for special fund-raising events and new initiatives and $0.4 million for research and development of these activities. Details are shown below.

	(In thousands of United States dollars)			
	Budget 1990	Budget 1991	Changes 1991 versus 1990	
			$	%
Short-term Professional staff	450	640	190	42
Short-term General Service staff	100	115	15	15
Training and liaison	40	110	70	175
Communications	32	60	28	88
Equipment and rent	65	60	(5)	(8)
Miscellaneous supplies	6	10	4	67

Operating costs

82. Short-term Professional staff. The increase of $0.2 million is a result of the annualized impact of posts that were partially filled in 1990 but are budgeted for all of 1991, and the cost of statutory salary adjustments.

83. Short-term General Service staff. The increase results from statutory salary adjustments.

84. Training and liaison. For many National Committees and field offices, the implementation of special fund-raising events is a new area of activity that requires special training.

85. Communications. This higher cost is a result of increased activity by the section.

Research and development

	(In thousands of United States dollars)			
	Budget 1990	Budget 1991	Changes 1991 versus 1990	
			$	%
Survey and testing	150	150	0	0
Project development	250	250	0	0

86. Surveys and testing. The need to explore and assess new and additional avenues for the creation of special fund-raising events will require that a number of surveys and evaluations be conducted. The results of this research will also make it possible to improve the effectiveness and success of future special fund-raising events and new initiatives and to identify support services that SENI can provide as part of its cooperation with National Committees and field offices. For this, $0.2 million has been budgeted, the same as for 1990.

87. Project development. An amount of $0.2 million is budgeted to develop existing special fund-raising events and new initiatives so that they can be expanded to new markets and audiences.

V. MEDIUM-TERM PLAN, 1989-1995

88. The expanded mandate entrusted to GCO in 1990 has four distinct areas of action:

(a) UNICEF product sales and licensing;

(b) Private sector fund-raising;

(c) Exhibits and promotion;

(d) Special fund-raising events and new initiatives.

89. All four areas are geared towards involving the general public in UNICEF work and encouraging their participation through volunteering, purchasing and donations.

90. Survey and research work conducted in 1990 and planned for 1991 will provide the basis for detailed projections of future outreach, income and profits.

91. The medium-term plan for the period 1989-1995, depicted in table 6 below, covers only UNICEF product sales and licensing. It is based on the prior year's trends and on proven strategies developed within the framework of the six corporate goals of GCO (see para. 3 above and annex I).

Product sales and licensing

92. For the period 1991-1995, in the area of product sales and licensing, GCO and its sales partners plan to:

(a) Increase the volume of cards sold from 168 million to 200 million, thus gradually expanding UNICEF outreach to the public;

(b) Increase gross proceeds from product sales from $144.7 million to $198 million;

(c) Control costs and reduce expenditures proportionately from 53 to 50 per cent of gross proceeds;

Table 6. GCO medium-term plan, 1989-1995

	1989 Actual		1990 Budget		1991 Medium projection		1992		1993		1994		1995	
							Medium-term plan projections							
Card sales volume (millions)	152		150		168		178		185		192		200	
	Millions of US dollars	Percentage of gross proceeds	Millions of US dollars	Percentage of gross proceeds	Millions of US dollars	Percentage of gross proceeds	Millions of US dollars	Percentage of gross proceeds	Millions of US dollars	Percentage of gross proceeds	Millions of US dollars	Percentage of gross proceeds	Millions of US dollars	Percentage of gross proceeds
Gross proceeds	107.5	100.0	111.3	100.0	144.7	100.0	155.0	100.0	165.0	100.0	180.0	100.0	198.0	100.0
Less: Commissions and direct expenses at field offices	26.4	24.6	27.4	24.6	35.2	24.3	38.0	24.5	40.0	24.2	44.0	24.4	48.5	24.5
Net proceeds	81.1	75.4	83.9	75.4	109.5	75.7	117.0	75.5	125.0	75.8	136.0	75.6	149.5	75.5
Less: Cost of goods delivered	22.0	20.4	22.5	20.2	28.2	19.5	28.5	18.4	30.0	18.2	32.0	17.8	35.5	17.9
Operating costs	13.5	12.6	15.0	13.5	19.9	13.7	19.0	12.3	20.0	12.1	22.0	12.2	23.5	11.9
Add: Other income - net	6.4	6.0	5.0	4.5	7.0	4.8	8.0	5.2	8.0	4.8	8.5	4.7	9.5	4.8
Net operating profit - GCO products	52.0	48.4	51.4	46.2	68.4	47.3	77.5	50.0	83.0	50.3	90.5	50.3	100.0	50.5
Add: Net operating profit - private sector fund-raising (table 4)	11.1 a/		7.7		11.4									
Net operating profit - special fund-raising events and new initiatives (table 5)	-		1.9		3.6									
Net operating profit - consolidated	63.1		61.0		83.4									
Less: Exchange rate adjustment	1.4		-		-									
Net profit - consolidated	61.7		61.0		83.4									
TOTAL EXPENDITURES (included in above statement)														
GCO products (Field office expenses, cost of goods delivered and operating cost.)	37.4	34.8	39.4	35.4	50.2	34.7	50.0	32.3	52.0	31.5	57.0	31.7	63.5	32.1
Private sector fund-raising (table 4)	1.1		2.4		2.5									
Private sector fund-raising development programme (table 4)	-		-		3.0									
Special fund-raising events and new initiatives (table 5)	-		1.1		1.4									
Total expenditures - consolidated	38.5		42.9		57.1									

a/ Additional income of $2.9 million was allocated for supplementary funds and will be shown in the UNICEF financial report.

(d) Increase the net operating profit for products from $68.4 million to $100 million;

(e) Achieve in 1992 the 50 per cent net profitability objective established by the Executive Board.

93. These plans are based on:

(a) The six corporate goals;

(b) The six sales regions;

(c) Increasing income from licensing agreements;

(d) Developing additional sales networks;

(e) Maximizing product quality and improving performance;

(f) Joint planning with all sales partners in all countries on the basis of the eight performance indicators;

(g) Refining production methods and product composition;

(h) Fully implementing GCO marketing orientation as well as cost and performance controls.

Private sector fund-raising

94. In the area of private sector fund-raising, GCO will, during 1991, establish joint plans with its partners, based on the country strategy approach and on the recommendations of the 1989 fund-raising workshop. This will form the basis for a medium-term plan for private sector fund-raising and includes:

(a) Establishing a special five-year "challenge" campaign to raise $100 million for immunization, in coordination with other UNICEF external relations divisions, as well as National Committees and field offices involved in private sector fund-raising;

(b) Developing an ongoing process of research and assessment of private sector fund-raising potential and conditions in each of the participating countries;

(c) Implementing a three-year private sector FDP to increase the capacity of National Committees and field offices in building a broader support base and raising more funds from the private sector;

(d) Implementing a system of joint planning and reporting with National Committees and field offices to coordinate support services needed to increase the effectiveness of UNICEF outreach and achieve increased moral and material support for the world's children;

(e) Providing to UNICEF partners materials and documentation oriented towards UNICEF strategies for the 1990s in order to strengthen private sector fund-raising and advocacy;

(f) Providing materials, concepts and methods in direct and mass appeals that can be used or adapted by National Committees and field offices;

(g) Developing channels for the exchange of ideas, concepts and training in fund-raising methods and themes through a series of workshops, seminars, consultations and networking.

95. It would be premature to include detailed financial projections for these activities beyond 1991 as they are currently in the process of being established. Income and expenditure will, however, be recorded by GCO in separate accounts in accordance with Executive Board requests. The net operating profit for 1991 is estimated at $11.4 million (see table 4).

Special fund-raising events and new initiatives

96. In the area of special fund-raising events and new initiatives, GCO has established structures and procedures for coordination and implementation. The year 1991 will be the second year of GCO responsibility in this area and will form the basis for future activities. These include:

(a) The review, assessment and internal development of event opportunities that are brought to the organization, with an emphasis on financial viability and effective advocacy;

(b) The management and implementation of events with appropriate professional controls, while ensuring that income and advocacy reach established standards;

(c) Close consultation and coordination with National Committees, field offices and the other UNICEF external relations divisions, with a view to developing new and existing events and initiatives that can be duplicated in several countries;

(d) The establishment of long-term relationships with external partners, such as well-known performing artists and corporate sponsors to underwrite events.

97. It is expected that the structures, procedures and contacts developed in 1990 and 1991 will lead to a steadily increasing number of events that will produce substantial income and exhibit strong advocacy potential on behalf of UNICEF and the well-being of the world's children.

98. It is premature to include detailed financial projections for special fund-raising events and new initiatives beyond 1991 as they are currently in the process of being established. However, income and expenditure will be recorded by GCO in separate accounts in accordance with Executive Board requests. Net income for 1991 is estimated at $3.6 million (see table 5 for details).

VI. DRAFT RESOLUTIONS

99. The draft resolutions of the Committee on Administration and Finance relating to the GCO budget for the 1991/92 fiscal year are presented below.

A. Greeting card and related operations (GCO) budgeted expenditures for the 1991 season

The Committee on Administration and Finance

Recommends that the Executive Board:

(a) Approve for the fiscal year 1 May 1991-30 April 1992, budgeted expenditures as detailed in tables 3, 4 and 5, and summarized in column II of table 7;

(b) Authorize the Executive Director:

(i) To incur expenditures as summarized in column II of table 7 and to increase the expenditures up to the level indicated in column III of table 7, should the apparent demand before and during the season necessitate; and, accordingly, to reduce expenditures below the level indicated in column II to the extent necessary, should the demand decrease;

(ii) To transfer funds between allotment accounts if necessary within the limits shown in table 7;

(iii) To spend an additional amount between Board sessions when necessary, owing to currency fluctuations, to ensure the continued operation of GCO.

B. Budgeted income for the 1991 season

The Committee on Administration and Finance

Recommends that the Executive Board note that for the fiscal year 1 May 1991-30 April 1992, gross GCO income is budgeted as shown in column II of table 7.

Table 7. Range of budgeted expenditures and income for the 1991 season
(GCO fiscal year 1 May 1991–30 April 1992)

	I Low projection	II Medium projection	III High projection
Card sales volume (millions)	160	168	175
Budgeted expenditures	(In millions of United States dollars)		
Greeting card and related products (table 3)			
Direct production costs	18.3	18.6	19.2
Indirect production costs	9.2	9.6	10.0
Semi-fixed costs	10.0	10.4	10.7
Fixed costs	11.6	11.6	11.6
Subtotal, Greeting card and related products	49.1	50.2	51.5
Private sector fund-raising (table 4)			
Operating costs	1.3	1.3	1.3
Research and development	0.9	1.2	1.5
Fund-raising development programme	3.0	3.0	3.0
Subtotal, Private sector fund-raising	5.2	5.5	5.8
Special fund-raising events and new initiatives (table 5)			
Operating costs	0.9	1.0	1.0
Research and development	0.2	0.4	0.7
Subtotal, Special fund-raising events and new initiatives	1.1	1.4	1.7
Total expenditures – consolidated (table 1)	55.4	57.1	59.0
Budgeted income			
Gross proceeds from greeting card and related product sales (table 1)	140.0	144.7	150.0
Deduct: Commissions paid to sales partners	32.2	33.1	34.5
Net proceeds	107.8	111.6	115.5
Add: Other income – net (table 1)	6.4	7.0	8.0
Net proceeds – Greeting card and related products	114.2	118.6	123.5
– Private sector fund-raising (table 4)	15.2	16.9	19.8
– Special fund-raising events and new initiatives (table 5)	3.0	5.0	6.5
Total net proceeds	132.4	140.5	149.8

Annex I

SYNOPSIS OF 1990 ACCOMPLISHMENTS AND THE 1991 ACTION PLAN

1. In order to implement the GCO mandate, the GCO management, in 1985, established six corporate goals (see para. 3 of the present document). The following is a synopsis of accomplishments during 1990 and planned activities for 1991, arranged according to the six goals.

Corporate goal No. 1: reach a 50 per cent net profit on sales proceeds by 1992 and thereafter

2. The Executive Board has established the achievement of a 50 per cent net profit on the sale of UNICEF products as the primary goal of GCO. This will ensure the highest possible levels of income and efficiency, and will maintain maximum credibility with UNICEF supporters. Profitability has risen steadily since 1984, and reached a level of 48.4 per cent (net operating profit - products) in 1989. Shown below are the steps taken in 1990 and the actions planned for 1991 that will lead to the achievement of the 50 per cent goal by 1992.

1990 achievements	1991 action plan
(a) **Performance indicators.** The evaluation of country-specific results was monitored using the eight performance indicators. In order to bring GCO closer to a 50 per cent net profit, operating costs and the costs of goods delivered were kept below 14 per cent and 21 per cent, respectively, of gross proceeds, as planned.	(a) **Performance indicators.** The performance indicators will continue to be monitored so that operating costs and the cost of goods can remain at low levels proportionately. Every effort will be made to increase the global contribution (indicator No. 8) to GCO to 63 per cent, which is the level needed to reach a 50 per cent net profit.
(b) **Volume and gross proceeds.** Major sales efforts based on country-specific marketing plans are expected to achieve sales of 157 million cards and gross proceeds of $125 million in 1990.	(b) **Volume and gross proceeds.** The policy of developing and implementing country-specific marketing plans to achieve the sales target of 168 million cards and $145 million in 1991 will be continued.
(c) **Established posts.** The number of established posts was maintained at the 1984 level.	(c) **Established posts.** The number of established posts will remain unchanged.
(d) **Field office costs.** GCO field office costs were held at or below 25 per cent of gross proceeds.	(d) **Field office costs.** The policy of keeping GCO field office costs at or below 25 per cent of gross proceeds will be continued.

(e) **Country highlights.** A focused action plan developed with the **United States Committee for UNICEF** in 1989 to reach out to new support areas was continued in 1990. However, owing to a major price increase and the onset of a recession, sales volume did not increase. A partnership programme to explore consignment sales through nation-wide distribution networks in the service area was undertaken. In **Latin America**, most countries were able to show sales increases through the opening of new sales outlets. In **Brazil**, sales volume stagnated, as economic factors reduced demand. In **Japan**, an increase of 500,000 cards is expected for 1990, owing to increased sales through retail and mail order. The Japan Committee for UNICEF consolidated its take-over of product sales from GCO. A feasibility study on printing facilities in **India** was carried out by GCO. As a first step resulting from the study, a collation centre was established in Madras. Several **European** countries experienced strong increases in 1990 through the continued success of corporate and consignment programmes, and expect a continuation of this trend. In **Denmark**, sales increased to 2 million cards owing to telephone sales to corporations, direct mail sales to affiliated organizations and reactivated consignee sales. Corporate sales also increased substantially in **France, the Netherlands, Spain** and **Portugal**. In **Ireland**, sales grew 10 per cent owing to increased volunteer involvement.	(e) **Country highlights.** The partnership programme to increase consignment sales in the **United States** will be continued in order to increase volume following the 1990 price increases. Further expansion of the consignee programme, the establishment of additional stands in shopping centres and an expansion of GCO **Brazil's** direct mail programme will be pursued. Further increases are anticipated as the **Japan** Committee for UNICEF further consolidates its control of product sales and develops new experience and outreach. In **Europe**, sales growth is expected to continue as a result of the UNICEF shops network, increases in corporate and consignment programmes and the diversification of the product line. A business building plan for **Eastern and Central Europe** will be implemented to support National Committees in those countries where commercial enterprise is being encouraged.
(f) **Prices.** Price increases of 5 per cent over the inflation rate were implemented in high-inflation countries, as were mid-campaign increases where necessary. In the United States, a 12 per cent increase was effected as a result of market research findings.	(f) **Prices.** The policy of regular price increases will be continued as and where appropriate.
(g) **Accounting and forecasting.** Computerized stock and cash accounting at major field offices was made operational in 1990. The forecasting system was further refined in North America by special reporting for the early period of each campaign.	(g) **Accounting and forecasting.** The computerized accounting and forecasting systems will be further refined and expanded to additional offices.
(h) **Deferred markets.** The policy of transferring unsold cards from some markets to be sold in others led to savings and greater cost-effectiveness.	(h) **Deferred markets.** The policy of using deferred markets will be regionalized to generate additional savings.

(i) **Product mix.** The product mix was further expanded in all regions to attain the objective of an 80:20 ratio between cards and other products. Among new products tested successfully were a "Holiday Collection" of cards in the United States and a line of museum replicas in Canada.	(i) **Product mix.** Product diversification will continue with new tests of the art replicas expected and emphasis on products appropriate to specific regions.
(j) **Licensed products.** A "brand-image management" study was conducted in close cooperation with National Committees to assist in the finalization of policies on products, licensing and sponsorship.	(j) **Licensed products.** The plan is to expand systematically in order to generate increased income from licensed products.
(k) **Procurement.** Global coordination of product procurement was continued and computerized systems were implemented to streamline the process. A joint planning meeting of staff from all procurement centres was held to coordinate all planning and sourcing of materials.	(k) **Procurement.** Globalization of procurement to effect major cost savings and achieve uniformity of materials used will be continued.
(l) **Duties and taxes.** Negotiations to reduce duties and taxes were continued, but with limited success.	(l) **Duties and taxes.** Every effort will be made to reduce further the burdens of duties and taxes.
(m) **Cost controls.** Rigorous cost controls and expense approval measures were maintained and refined.	(m) **Cost controls.** Cost controls and expense approval systems will be further refined and adapted.

Corporate goal No. 2: achieve global annual sales of 200 million cards by 1995

3. Financial performance is not the only important factor in GCO operations. Other concerns, such as outreach, visibility and the level of volunteer support for UNICEF, also merit major attention. Annual card sales indicate the progress made towards these qualitative goals. In 1989, a total of 152 million cards were sold. Activities in 1990 and plans for 1991 are intended to produce a steady growth in the volume of cards sold and to achieve the 200 million card target by 1995.

1990 achievements	1991 action plan
(a) **Sales volume.** Based on preliminary reports received from National Committees and field offices, sales in 1990 are expected to approach 157 million cards, which exceeds previous projections. Details are presented in the provisional report for 1990 (E/ICEF/1991/AB/L.4).	(a) **Sales volume.** Action plans will be monitored during the campaign year. Gross proceeds are expected to comprise cards 80 per cent and non-card products 20 per cent. Forecast card sales by region are:
	Millions of cards
Region I - North America 19.7	Region I - North America 21.5
Region II - Latin America 10.9	Region II - Latin America 11.8
Region III - Asia 6.4	Region III - Asia 6.7
Region IV - Pacific, India and Pakistan 10.1	Region IV - Pacific, India and Pakistan 10.9
Region V - Europe 104.5	Region V - Europe 111.3
Region VI - Africa and Middle East 5.0	Region VI - Africa and Middle East 5.5
Total 156.6	Total 167.7

(b) **Sales strategies.** In 1990, emphasis was placed on the following strategies: (i) Concentrate on the corporate market with the increased involvement of volunteers; (ii) Strengthen Campaign I (Spring) sales; (iii) Expand the UNICEF stores network; (iv) Increase investment and effort in direct mail campaigns; (v) Develop stronger ties with national chains such as post offices, supermarkets and banks.	(b) **Sales strategies.** The strategies used in 1990 will be further refined and applied.
(c) **Field offices.** The integration of GCO-related activities in field offices was completed, including private sector fund-raising programmes in certain offices. The integration of all GCO activities in the Japan Committee for UNICEF was completed.	(c) **Field offices.** GCO will continue to support all field offices in its three major mandate areas: products; private sector fund-raising; and special fund-raising events and new initiatives.
(d) **Workshops.** Annual regional workshops were held in Indonesia, Jamaica, Switzerland and the United States. These workshops help to improve the understanding of GCO operations and to assist in joint planning between GCO and its sales partners.	(d) **Workshops.** Global and country-specific planning and product selection will be continued through regional workshops.
(e) **Market research.** Annual surveys in major markets were carried out to assist GCO in meeting market specific needs.	(e) **Market research.** Periodic market surveys through sales partners will be continued in all regions.
(f) **Product mix.** The star collection concept was maintained in 1990. Product categories were further refined based on marketing information received from sales partners. A range of products was introduced using recycled paper.	(f) **Product mix.** The marketing information received from sales partners, and results from product tests, will be used to improve product mix. The range of recycled paper products will be increased.

Corporate goal No. 3: establish a unified UNICEF image in both products and promotion

4. In order to increase public perception and understanding of the identity of UNICEF, it is important to express the mandate of UNICEF in a consistent and uniform manner. The sale of UNICEF products, fund-raising appeals and promotional activities all contribute to this objective. GCO activities during 1990 and plans for 1991 are designed to strengthen the UNICEF corporate image.

1990 achievements	1991 action plan
(a) **UNICEF identity.** The UNICEF logo and identification standards manual were given further distribution and familiarization throughout all sectors of the UNICEF family.	(a) **UNICEF identity.** GCO will continue to promote the uniform application of the UNICEF logo and identification standards on all UNICEF materials.

(b) **UNICEF products.** Products and activities appropriate for the UNICEF shops that are linked to UNICEF field cooperation were developed (e.g., handicrafts from Guatemala).	(b) **UNICEF products.** The process of product development for products linked to UNICEF field cooperation will be continued.
(c) **World Summit for Children.** The World Summit for Children also provided an unprecedented opportunity for GCO to raise dramatically the public's awareness of the needs of the world's children. With the help of a leading international advertising agency, a series of public service announcements were placed in major international newspapers and magazines. The Summit provided the impetus for a number of other activities, including special messages in millions of GCO catalogues and packaging, and the distribution of promotional posters, T-shirts and other products. A renowned Bolivian artist donated work for the official World Summit art poster. All external relations divisions of UNICEF participated in a major post-Summit follow-up meeting with National Committees to discuss objectives and plans for the 1990s.	(c) **Summit follow-up.** GCO will work closely with other UNICEF external relations divisions in all aspects of follow-up to the World Summit.
(d) **Image assessment.** A "brand management" study was initiated to determine the potential for image assessment of the UNICEF name.	(d) **Image assessment.** This process will be carried out on a regular annual basis.
(e) **Visitors' centre.** At UNICEF House in New York, the Danny Kaye Visitors Centre continued to draw school groups and other visitors, as did several special exhibits on UNICEF- and World Summit-related subjects in the General Assembly building.	(e) **Visitors' centre.** The planning of a new exhibit for 1991/92 will be initiated.
(f) **Exhibits.** A number of exhibits were organized at United Nations Headquarters using themes related to the World Summit for Children. A UNICEF interdivisional task force on exhibits chaired by GCO meets on a regular basis.	(f) **Exhibits.** The participation of UNICEF in the United Nations pavilion at the Seville '92 exposition is being planned and includes a special "UNICEF" day. Various exhibits will be prepared for conferences, seminars and meetings.
(g) **Public awareness.** The awareness campaign will be expanded, with particular emphasis on the follow-up to the World Summit for Children.	(g) **Public awareness.** The awareness campaign will be expanded, with particular emphasis on the follow-up to the World Summit on Children.
(h) **Awards.** The UNICEF Ezra Jack Keats Award for Excellence in Children's Books Illustration was awarded in October 1990 to Jan Thornhill (Canada).	(h) **Awards.** Applications for the biennial award will be distributed for 1992.
(i) **Environment.** To enhance the UNICEF commitment to the environment, a range of products and packaging materials was made of recycled paper.	(i) **Environment.** This policy will be broadened to extend to a wider range of products and to promotion and packaging materials.

Corporate goal No. 4: increase funds for UNICEF general resources through new fund-raising activities directed at the private sector

5. Cooperation and joint planning with National Committees and UNICEF field offices is essential to GCO efforts to increase revenues to UNICEF from the private sector. During 1990, GCO and its partners reached understandings on new opportunities and the support services needed to increase income further through private sector fund-raising appeals and special fund-raising events and new initiatives. GCO will continue to develop its private sector mandate as entrusted by the Executive Director and approved by the Executive Board. Special fund-raising events and new initiatives will be integrated into these activities and with the structures and work plans of other UNICEF external relations divisions. Detailed plans are shown in the 1991 action plan.

1990 achievements	1991 action plan
(a) A private sector **fund-raising database** was begun.	(a) The private sector **fund-raising database** will be expanded through consultation, field research and development of country-by-country support programmes.
(b) A number of direct mail **test campaigns** were conducted in Europe, North America and the Pacific.	(b) **Intensive surveys, feasibility studies and test campaigns** will be carried out to determine the most profitable areas and methods for increasing support to private sector fund-raising.
(c) GCO produced several direct mail packages for **prospecting and renewal** purposes, including the pocket diary, "Chance for a child" and Universal Child Immunization introductory appeals.	(c) In cooperation with National Committees and field offices, GCO will continue to produce **direct mail strategies and materials** for prospecting and renewal purposes, as well as assisting partners in developing more support for UNICEF work in general.
(d) GCO continued to support National Committees and field offices in **other direct appeals** to the public through participation in workshops, seminars and one-on-one consultations as and when requested by GCO partners. Progress was made in the development of programmes for legacies and bequests and the corporate sector.	(d) In order to promote the wider use of **other direct appeals**, GCO will take actions to: (i) Enable partners to implement payroll donations as a regular fund-raising method; (ii) Assist partners to develop and implement their own legacies and bequests programmes for existing and new donors.

(e) (i) A series of **public service announcements** based on themes surrounding the World Summit for Children was produced in cooperation with an international advertising agency and given prominent media exposure; (ii) The strategy of "**Change for Good**" in-flight foreign currency collection was further developed in tests conducted with a major international carrier.	(e) Support for **mass appeals** will be expanded on the basis of results obtained from the market research and surveys being conducted. Links with special fund-raising events will be explored and mass appeal opportunities developed in cooperation with all partners. "Change for Good" will be implemented with several more international carriers.
(f) Fund-raising **documentation** packages on the Mozambique emergency, UCI and a selection of themes, countries and projects were developed based on feedback from partners who have received the completed packages to date.	(f) New **documentation** on countries, themes and projects will be prepared and distributed to National Committees and field offices for use in fund-raising appeals.
(g) Support for fund-raising in **emergencies** was given to ongoing situations such as the one in Mozambique.	(g) Support will be given to National Committees and field offices wishing to raise money for ongoing and unexpected **emergencies**, as the need arises.
(h) The **knowledge network** was updated and expanded.	(h) The **knowledge network** will be updated and expanded to encompass new techniques, special fund-raising events and new fund-raising initiatives.
(i) The **administration** of private sector fund-raising and special fund-raising events was adapted to handle the increasing challenges and opportunities provided by the private sector. Achievements included: (i) Reporting formats for direct mail and income generation were developed and shared with National Committees and field offices; (ii) The Special Fund-raising Events Headquarters Advisory Committee met several times and developed standards and procedures for reviewing events proposals.	(i) The **administration** of all private sector fund-raising activities will be rationalized and adapted as needed and in order to work effectively with National Committees, field offices and other UNICEF functional divisions.
(j) GCO continued to serve as the UNICEF focal point for UNICEF/National Committee **working groups** on direct mail fund-raising, legacies and bequests and the corporate sector. The groups helped to promote a common basis for goal-setting, planning and implementation of joint campaigns and have developed an ongoing exchange of ideas, statistics, experiences and methods.	(j) A joint decision and production cycle allowing for timely and effective coproduction of materials will be proposed, and if possible, implemented. GCO will continue to support the functional **working groups** and to encourage productive exchanges between UNICEF and National Committees.

(k) The Headquarters Task Force on **Private Sector Fund-raising for Universal Child Immunization** continued to meet on a regular basis and developed materials and strategies to help National Committees and field offices wishing to raise incremental funds for UCI during the period 1990-1995. A target of $20 million per year was adopted, and a number of National Committees confirmed their interest in setting up national task forces to raise awareness and funds for this purpose. A training course on fund-raising for UCI was developed and offered to National Committees.	(k) GCO will continue to provide information, documentation, technical advice and fund-raising suggestions on **Universal Child Immunization** for National Committees and field offices. The following specific tasks will be carried out: (i) Stimulate the establishment of national task forces on UCI in partner countries; (ii) Provide strategies and materials for fund-raising appeals; (iii) Provide training and documentation on UCI and fund-raising methods.
(l) Not applicable.	(l) **A private sector fund-raising development programme** is planned for the years 1991-1993 to develop the capacity of National Committees and field offices to raise more funds through increased outreach and the building of donor constituencies.
(m) The **Special Fund-raising Events and New Initiatives section** completed its first year with the successful implementation of a major international event conducted in cooperation with a number of National Committees. Operational procedures, budgets, contractual standards and working methods were developed to prepare for future activities.	(m) The **Special Fund-raising Events and New Initiatives section** will: (i) Repeat the Danny Kaye International Children's Awards programme in an enhanced and expanded form; (ii) Obtain proceeds from sports events through programmes initiated with National Committees; (iii) Review new proposals for events and fund-raising initiatives; (iv) Assist National Committees by acting as a clearing-house; providing professional planning, implementation, training implementation and evaluation; testing new fund-raising initiatives; and providing a manual on special fund-raising events procedures.

Corporate goal No. 5: further develop the GCO human resources plan

6. Human resources development is essential for the evolution and growth of GCO. Training programmes and work assignments are intended to enhance the achievement of the corporate goals and to respond to the growth and development needs of staff members. The following activities were implemented in 1990 and are planned for 1991.

1990 achievements	1991 action plan
(a) **General.** The following activities were implemented: (i) All job descriptions were reviewed for updating and, where necessary, reclassification; (ii) A thorough personnel appraisal system review of all GCO staff was carried out.	(a) **General.** In 1991, it is intended to improve the overall management of GCO human resources by: (i) Determining training requirements and making arrangements to meet established training needs; (ii) Reviewing job descriptions and grade levels and making proposals for their adaptation, where necessary and feasible; (iii) Developing procedures to improve the efficiency and effectiveness of various staffing actions.
(b) **Training and staff development.** GCO staff were asked to express their training needs through consultations on a section-by-section basis and a training plan was established.	(b) **Training and staff development.** Action will be taken to meet these needs through on-the-job training and special assignments; in-house training; participation in programmes conducted by the UNICEF Training Section and other United Nations agencies; and participation in training conducted by external agencies and institutions. With regard to the anticipated recruitment of new staff and the redeployment or rotation of existing staff, it is proposed to conduct GCO-specific orientation and reorientation programmes as necessary. These efforts will complement the general orientation programmes usually conducted by the UNICEF Training Section. In addition, staff will be given training in supervisory/managerial skills as appropriate.
(c) **Working environment.** In 1990, the move into new offices at GCO headquarters considerably improved working conditions and staff motivation.	(c) **Working environment.** It is expected that the new offices at GCO headquarters will facilitate efficiency and productivity.
(d) **Human resource planning.** In line with the UNICEF biennial budget cycle, GCO presented its staffing needs up to the end of 1993 to the UNICEF Budget Planning and Review Committee and obtained its approval.	(d) **Human resource planning.** In cooperation with the Division of Personnel, GCO will review its human resources needs on a continuing basis.

Corporate goal No. 6: maintain an effective management information system

7. The refinement of controls, the continuous adaptation of communication systems to technological change, the improvement of planning, forecasting and reporting and the gradual expansion of systems to all relevant markets are essential to the management of a growing business. The accomplishments during 1990 and the actions planned for 1991 are intended to ensure maximum effectiveness in this area.

1990 achievements	1991 action plan
(a) **Review of needs.** In view of the expanded GCO mandate, a global review of information needs was undertaken to determine future requirements. This will help to standardize and streamline GCO processes and procedures.	(a) **Review of needs.** The recommendations based on this review will be implemented and will influence a major revision of the GCO electronic data processing systems to replace the existing systems that have become obsolete. This will include the purchase of appropriate hardware and software packages.
(b) **Field office system.** The second phase of computerization, including user training and system implementation, was completed.	(b) **Field office system.** The computerization of production centres and selected field offices will be expanded to include electronic data transmission between offices and the consolidation of systems and procedures.
(c) **Applications.** The art and design, product mix description and order processing systems were reviewed and adapted to suit user needs better.	(c) **Applications.** Future applications will be designed on the basis of the review.
(d) **Training.** User training was provided on an ongoing basis.	(d) **Training.** Extensive training will be provided to users to facilitate the transition to the new hardware and software base.

Annex II

ORGANIZATION AND STAFFING

A. General functions and responsibilities

1. GCO was established by the Executive Board in 1951 as an integral part of UNICEF to promote greater awareness of its aims and objectives and to generate additional resources from the private sector. The objectives of GCO are to:

(a) Increase public awareness of UNICEF;

(b) Provide an opportunity for volunteers and the general public to become personally involved in the work of UNICEF;

(c) Raise additional funds for UNICEF general resources and generate a net profit of 50 per cent on product sales.

2. The GCO mandate comprises three income-generating areas, which aim to maximize income for UNICEF general resources from the public at large. These are: (a) greeting cards and related products; (b) private sector fund-raising; and (c) special fund-raising events and new initiatives. GCO is also responsible for the UNICEF graphic identity (e.g., use of the UNICEF logo) and exhibits.

3. The UNICEF financial regulations and rules, including the special supplement on GCO approved by the Executive Board, determine the financial and administrative management of GCO.

4. To fulfil its mandate, GCO cooperates with National Committees for UNICEF and, where these do not exist, works with other organizations. UNICEF regional directors and representatives assume responsibility for GCO operations in the countries where they serve.

B. Functional committees

Greeting Card Committee

5. GCO policy is set by the Executive Board and the Greeting Card Committee, which comprises the Executive Director of UNICEF (Chairman); the Deputy Executive Directors for External Relations (Executive Vice-Chairman), Operations and Programmes; the Director, GCO; and the Deputy Director, GCO (Secretary).

GCO Management Committee

6. GCO policies, operational plans and the monitoring of progress are coordinated by the GCO Management Committee, comprising the Director, GCO (Chairman); the Deputy Director, GCO (Director, New York area office) and the Director, GCO Geneva area office.

GCO International Art Selection Committee

7. Card designs are selected by this Committee, which consists of the Deputy Executive Director, External Relations (Chairman); seven art professionals with expert knowledge of art and design from Europe, North America, Latin America, Africa and Asia; and seven National Committee representatives (four from Europe, two from North America and one from Latin America or Asia). GCO provides secretariat services.

Special Events Headquarters Advisory Committee

8. The Special Events Headquarters Advisory Committee, is chaired by the Chief, SENI, and involves all UNICEF functional divisions with related responsibilities in decisions on the selection, implementation and monitoring of international special fund-raising events.

C. Organizational structure

9. GCO comprises the Director's office in New York, the New York area office and the Geneva area office. It is headed by the Director, GCO, who is accountable, through the Greeting Card Committee, to the Executive Director. The Director, GCO, is assisted by the Deputy Director, GCO (and Director, New York area office), and by the Director, GCO Geneva area office.

D. Director's office

10. The Director, GCO, assumes final responsibility for GCO world-wide, submits budgets for approval and controls GCO financial and human resources. He is supported by the GCO Personnel Unit. The Deputy Director assumes the duties of the GCO Director during the latter's absence, and is also responsible for the GCO New York area office (see below).

E. Special fund-raising events and new initiatives section (SENI)

11. SENI has responsibility for special fund-raising events, i.e., public participation or entertainment events targeted at furthering UNICEF fund-raising and advocacy goals. It is headed by the Chief, SENI, who reports to the Director, GCO.

12. SENI provides support for national events, where requested, and coordinates assistance in international and transnational events. SENI maintains liaison with headquarters divisions, National Committees and field offices to develop new support relationships and provides technical assistance and guidance in the development of special fund-raising events and new initiatives.

F. GCO area offices: New York and Geneva

13. The two GCO area offices are similar in structure and each comprises a director's office and five operational sections: Marketing and Sales, Art and Design, Operations, Finance and Administration, and Private Sector Fund-raising.

Director's Office, New York area office

14. The GCO New York area office, is headed by the Deputy Director, GCO, who reports to the Director of GCO. This office has operational responsibility for four sales regions: North America; Latin America; Asia; and the Pacific, India and Pakistan.

15. Within the Office of the Director, New York area, are three entities:

(a) The Art and Design Section, which carries out research and evaluation in order to identify and obtain reproduction rights of works of art for use in UNICEF cards and related products. This section also plans and organizes the annual international art selection committee meeting and is the focal point for the UNICEF Ezra Jack Keats International Award for Excellence in Children's Book Illustration;

(b) The Special Projects Unit, which develops promotional, advocacy and exhibition materials for UNICEF and the UNICEF House Visitors' Centre.

(c) Two regional production centres at Rio de Janeiro, Brazil, and Singapore, which are responsible for the production, storage and shipment of GCO products in their respective areas. The offices also serve as marketing and sales centres for their country.

Director's Office, Geneva area office

16. This office is headed by the Director, GCO Geneva area office, who reports to the Director, GCO, in New York and coordinates with the Director of the UNICEF Geneva Office. The GCO Geneva area office is responsible for two sales regions: Europe and Africa and the Middle East.

17. Within the Office of the Director, Geneva area, are two entities:

(a) The Art and Design Section, which does research and evaluation in order to identify and obtain reproduction rights of works of art for use in UNICEF cards and related products;

(b) A major distribution centre at Huningue, France, which is responsible for storage and shipment of UNICEF products in the regions covered by the Geneva area office.

G. Operational sections

18. The operational sections of GCO follow a parallel structure in the two GCO areas. Their duties are similar except for the differences noted in the text below.

Marketing and sales sections

19. The marketing and sales sections work in cooperation with National Committees, field offices and other sales partners to develop strategies for UNICEF product lines, product development and overall planning to meet sales

priorities. They implement pricing policies for each market to maximize income and to provide the operations sections with production requirements. The marketing and sales sections develop and follow up on plans for each market, ensure reception and fulfilment of orders and develop and implement market and consumer research. They also analyse market trends and recommend action needed to remain competitive.

20. The marketing and sales sections give functional guidance to UNICEF field offices and other sales partners, including the development of training programmes and workshops and the handling of communication and service problems. They develop sales estimates and determine new markets and market segments with UNICEF product potential. They support, assist and monitor the development of product sales through National Committees, non-governmental organizations and other sales partners.

21. The publicity and promotion units work within the marketing and sales sections to develop advertising, publicity and merchandising materials for use by sales partners.

22. In New York, a design studio/agency provides graphic design services and materials to all GCO sections in New York and to other UNICEF divisions for exhibit and promotion services.

Operations sections

23. The operations sections are responsible for the production/procurement of all UNICEF products. They formulate and implement annual production plans including procurement, production, quality control, warehousing, shipping and stock control.

Finance and administration sections

24. The finance and administration sections are responsible for the finance and accounting functions of GCO. These include providing management with accurate information about planned and actual production costs of UNICEF sales products and publicity materials, and the consolidation of accounts on a world-wide basis. They are also responsible for electronic data processing operations.

Private sector fund-raising sections

25. GCO provides support to National Committees and field offices in the area of private sector fund-raising. This includes direct appeals, mass appeals, documentation on UNICEF themes and projects and fund-raising information exchanges, networking and databases.

26. The private sector fund-raising sections generate strategies and materials for direct and mass appeals. The New York fund-raising section works closely with the UNICEF Division of Information, which reviews all materials produced by GCO for fund-raising support world-wide.

27. The private sector fund-raising sections are responsible for direct appeals, mass appeals and project documentation and fund-raising information exchange, networking and databases. In the area of direct appeals, the fund-raising sections support partners in the preparation of direct mail, telephone appeals, grant proposals, pledge giving, planned giving, payroll deduction, affinity cards and other direct fund-raising methods to targeted audiences. In the area of mass appeals, the sections are responsible for appeals to the public at large through mass media channels such as telethons, radiothons, "Change for Good", commercial media appeals, etc.

28. Project documentation work is carried out in New York, owing to the proximity of source materials at UNICEF headquarters. This involves preparing materials and reports on UNICEF themes, countries and projects.

29. Fund-raising information exchange, networking and database involve the collection and distribution to UNICEF partners of data on fund-raising methods, techniques and experiences.

H. Staffing

Established posts

30. The figure shows the proposed 1991 GCO organization for the New York and Geneva offices.

31. Table 1 of the present annex shows the breakdown of established (core) posts and estimated staff salaries for 1991/92. The number of established posts remains unchanged at 140. Of this total, 58 posts are based in New York and 25 are in the field offices reporting to the New York area office. A total of 57 posts are based in Geneva.

32. Reclassification of established posts. The following posts are being proposed for reclassification for the reasons stated below:

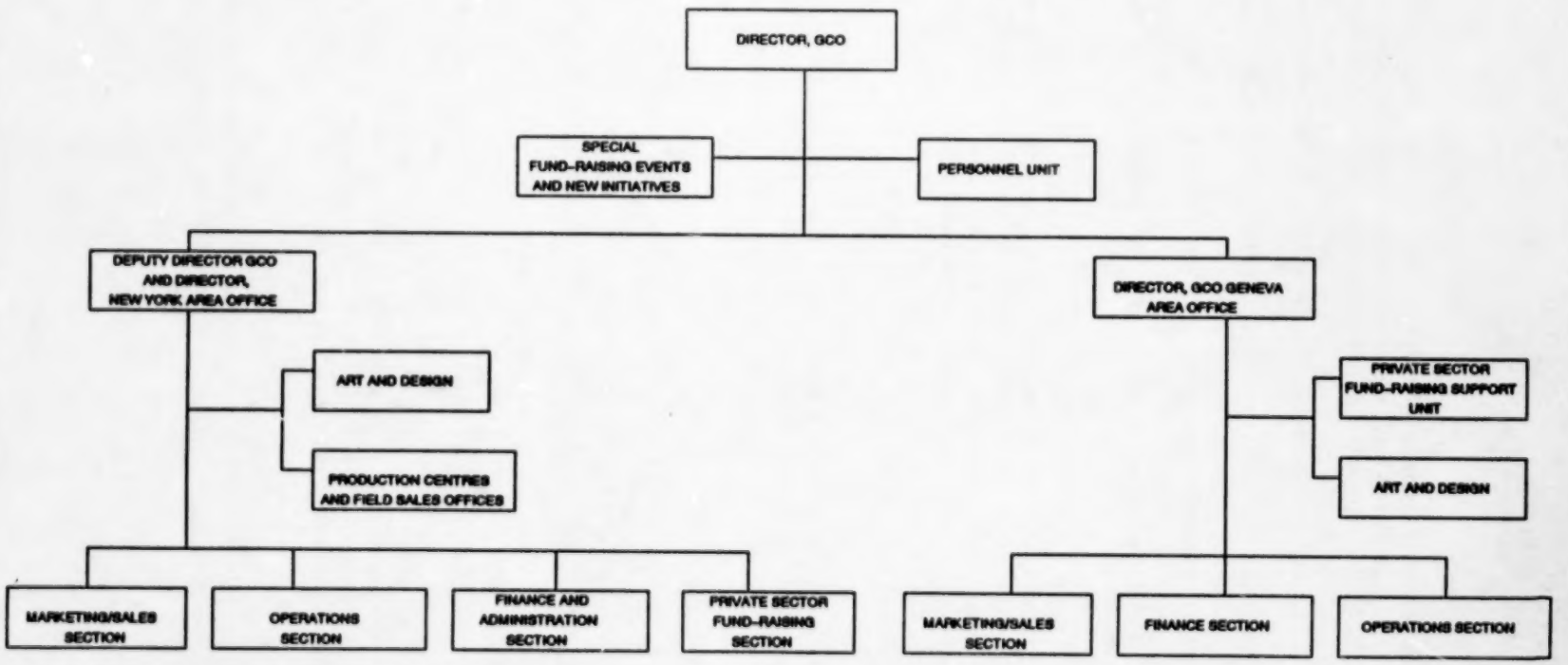
(a) Publicity and promotion officer, (P-3 to P-4), New York. Since the position was established in 1983, the scope and responsibilities of this post have increased significantly. Promotions for Chinese New Year, Eid and Christmas corporate campaigns have been added. Direct mail and retail markets have become increasingly sophisticated and competitive;

(b) Assistant accountant (P-2) to inventory control manager (P-3), New York. With the increase in the number of sales campaigns, higher card sales, additional non-card products and the decentralization of production to centres in Brazil and Singapore, the scope of inventory control has expanded and the task has become more complex and essential;

(c) Art and design officer (P-4) to senior art and design officer (P-5), Geneva. The upgrading of this post is due to the increased responsibilities of developing a greater number of designs for the core collection, the development of a business collection and other products such as new calendars;

Figure

GREETING CARD AND RELATED OPERATIONS
ORGANIZATIONAL STRUCTURE
GCO HEADQUARTERS, NEW YORK AREA OFFICE AND GENEVA AREA OFFICE, 1991



(d) Assistant planning officer (P-2) to planning/coordination officer (P-3), Geneva. As a result of the increasing range of products being developed by GCO, the job has become more complex and requires a more sophisticated approach and level of organization. The post is needed in order to organize, plan and coordinate the functions of various sections;

(e) Assistant production officer (P-2) to collating and packaging officer (P-3), Geneva. Since 1985, when the post was first classified, the volume of cards processed has grown substantially and their production cost has increased from $2.2 million to $5.5 million. The quantity, quality and specialization needed has increased, and the importance of meeting deadlines has become more critical;

(f) Assistant budget officer (P-2) to cost and budget officer (P-3), Geneva. The increased responsibilities for recording and analysing income and expenditures, National Committees' financial analyses, studies on the financial situation and potential of National Committees and actions to support decisions by GCO management necessitates this reclassification. The post is needed to follow up and analyse costs in relation to budgets and to strengthen budgetary control over field offices;

(g) GCO manager, Brazil (P-4 to P-5), Rio de Janeiro. The increased size and complexity of the GCO operation in Brazil, both in sales/marketing and production/procurement/distribution, necessitates this reclassification. GCO Brazil will expand its role in private sector fund-raising activities.

Project (non-core) posts

33. Project posts (non-core posts, in the past categorized as short-term posts) are employed by GCO to meet those commercial objectives and opportunities for which the operation cannot rely on established posts exclusively. GCO project posts are financed from GCO income. Estimated costs for 1991 compared with 1990 budget and 1989 actual, are shown under "Short-term Professional staff" and "Short-term General Service staff" in tables 3, 4 and 5 of the present document.

34. Table 2 of the present annex shows the breakdown of project posts by category, location and costs. As of 1991, the total number of project posts world-wide is 145. Of these, 37 are in the international Professional category, 13 are national officers and 95 are in the General Service category. The geographic breakdown is as follows: 48 posts in New York (including 22 posts in private sector fund-raising and SENI); 27 in Geneva; and 70 in field offices.

35. GCO project posts must be approved by the GCO Committee before undergoing the UNICEF recruitment and appointment process. A detailed list of project posts in New York and Geneva for 1991 is contained in table 3 of the present annex.

Table 1. Proposed established posts (core posts) and budgeted staff costs for fiscal year 1991/92

Category and level		Number of established posts (core posts)					Budgeted gross salaries by section (global) (millions of United States dollars)				
		New York	Geneva	Field	Total 1991	Total 1990	Marketing art and sales	Operations	Administration	Total 1991	Total 1990
I. International staff											
Director	D-2	1			1	1			0.1	0.1	0.1
Principal	D-1	1	1		2	2			0.2	0.2	0.2
Senior officer	P-5	5	3	1	9	7	0.4	0.2	0.2	0.8	0.6
First officer	P-4	9	4	1	14 a/	15 a/	0.4	0.2	0.2	0.8	0.8
Second officer	P-3	7	14	1	22	19	0.5	0.3	0.3	1.1	0.8
Assistant/associate officer	P-2/1	4	3		7	11	0.3	0.1	0.1	0.5	0.5
Total international staff		27	25	3	55	55	1.6	0.8	1.1	3.5	3.0
II. Local staff											
General Service		31	32	16	79 a/	79 a/	0.8	0.9	0.8	2.5	2.3
National officer				6	6	6	0.3			0.3	0.2
Total local staff		31	32	22	85	85	1.1	0.9	0.8	2.8	2.5
Grand total (see table 3)		58	57	25	140	140	2.7	1.7	1.9	6.3	5.5

a/ One staff member holding a core post is assigned to a project post.

Table 2. Proposed project posts (non-core posts) and budgeted staff costs for fiscal year 1991/92

Category and level		Number of project posts (non-core posts)					Budgeted gross salaries by section (global) (millions of United States dollars)				
		New York	Geneva	Other	Total 1991	Total 1990	Marketing art and sales	Operations	Administration	PSFR/SENI	Total 1991
I. International staff											
Director	L-7	1			1	1			0.1		0.1
Senior officer	L-5	3			3	3	0.1			0.2	0.3
First officer	L-4	7			7	7	0.1		0.1	0.6	0.8
Second officer	L-3	7	5	1	13	9	0.4	0.4	0.1	0.4	1.3
Assistant/associate officer	L-2/1	10	3		13	8	0.4	0.3	0.1	0.2	1.0
Total international staff		28	8	1	37	28	1.0	0.7	0.4	1.4	3.5
II. Local staff											
General Service		20	19	56	95	96	1.2	0.2	0.1	0.4	1.9
National officer				13	13	10	0.4	0.1			0.5
Total local staff		20	19	69	108	106	1.6	0.3	0.1	0.4	2.4
Grand total (see tables 3, 4, and 5)		48	27	70	145	134	2.6	1.0	0.5	1.8	5.9

PSFR = Private sector fund-raising.
SENI = Special fund-raising events and new inititatives.

Table 3. 1991 Project Posts – New York and Geneva

PAT Number	Level	Post title	Section	Location
91019	L–7	Special advisor to the Executive Director on National Committees	Executive Director's Office	NY
89804	L–5	Senior administrator, special fund–raising events and new initiatives	SENI	NY
89723	L–5	Chief, private sector fund–raising	PSFR	NY
84316	L–5	National sales manager	Marketing/Sales	NY
89805	L–4	Special events officer	SENI	NY
89806	L–4	Special events officer (media/production)	SENI	NY
83395	L–4	Fund–raising officer (direct appeals)	PSFR	NY
89554	L–4	Reports and documentation officer	PSFR	NY
90276	L–4	Fund–raising officer (mass appeals)	PSFR	NY
90277	L–4	Manager, Design Studio	Marketing/Sales	NY
90275	L–3	Executive assistant	Director's Office	NY
89807	L–3	Special events officer (administrative control)	SENI	NY
87512	L–3	Manager, UNICEF House Visitors'Centre	Director's Office	NY
89555	L–3	Fund–raising officer (Change for Good)	PSFR	NY
84323	L–3	Special products officer	Marketing/Sales	NY
87412	L–3	Production and quality control officer	Operations	NY
87403	L–3	Quality control officer	Operations	GE
90278	L–3	Fund–raising officer	PSFR	GE
91533	L–3	Sales development officer (Asia)	Marketing/Sales	NY
91534	L–3	Sales devevelopment officer (Latin America/Caribbean)	Marketing/Sales	NY
91543	L–3	Publicity and production officer	Operations	GE
91545	L–3	Shipping officer	Operations	GE
91546	L–3	Analyst programmer	Finance/Admin.	GE
89808	L–2	Assistant special events officer	SENI	NY
89809	L–2	Assistant new initiatives officer	SENI	NY
86517	L–2	Computer programmer	Finance/Admin.	NY
02027	L–2	Assistant accountant	Finance/Admin.	NY
91548	L–2	Assistant accountant	Finance/Admin.	NY
90279	L–2	Assistant product development officer	Marketing/Sales	NY
90280	L–2	Assistant sales officer	Marketing/Sales	NY
86518	L–2	Computer programmer	Finance/Admin.	GE
90281	L–2	Assistant special products officer	Marketing/Sales	GE
91537	L–2	Assistant documentation officer	PSFR	NY
91535	L–2	Computer programmer	Finance/Admin.	NY
91536	L–2	Assistant procurement officer	Operations	NY
91540	L–2	Assistant market research analysis officer	Marketing/Sales	GE

PSFR = Private sector fund-raising.
SENI = Special Fund-raising Events and New Initiatives Section.
NY = New York.
GE = Geneva.

Table 3. (continued)

PAT Number	Level	Post title	Section	Location
84322	G-7	Senior marketing assistant	Marketing/Sales	NY
91538	G-6	Assistant statistical analyst	PSFR	GE
87509	G-6	Sales assistant	Marketing/Sales	NY
85508	G-6	Special products assistant	Marketing/Sales	NY
88363	G-6	Typesetter	Marketing/Sales	NY
88364	G-6	Design/graphic assistant	Marketing/Sales	NY
88144	G-6	Computer operator	Finance/Admin.	GE
91544	G-6	Collating and packaging assistant	Operations	GE
86521	G-6	Promotion assistant (part-time)	Marketing/Sales	GE
86510	G-6	Fund-raising assistant	PSFR	NY
89810	G-5	Principal secretary	SENI	NY
86509	G-5	Administrative assistant	Director's Office	NY
90283	G-5	Fund-raising assistant	PSFR	NY
90425	G-5	Principal secretary	Ex. Director's Office	NY
89569	G-5	Principal secretary	Marketing/Sales	GE
86501	G-5	Principal secretary	Marketing/Sales	GE
91542	G-5	Promotion assistant	Marketing/Sales	GE
90284	G-5	Senior shipping clerk	Operations	GE
89811	G-4	Senior secretary	SENI	NY
89812	G-4	Senior secretary	SENI	NY
02022	G-4	Senior secretary	Marketing/Sales	NY
83418	G-4	Senior secretary	PSFR	NY
84319	G-4	Data processing clerk	Marketing/Sales	NY
84321	G-4	Senior secretary	Marketing/Sales	NY
83420	G-4	Senior secretary	Marketing/Sales	NY
90384	G-4	Administrative clerk (product development)	Marketing/Sales	NY
90385	G-4	Administrative clerk (Design Studio)	Marketing/Sales	NY
91541	G-4	Administrative clerk	Marketing/Sales	GE
89570	G-4	Senior secretary	PSFR	GE
02535	G-4	Senior secretary	Director's Office	GE
90288	G-4	Senior secretary (art/design)	Director's Office	GE
90289	G-4	Senior secretary	PSFR	GE
02435	G-4	Forklift operator	Operations	GE
91539	G-3	Sales/administrative clerk	Director's Office	GE
83419	G-3	Secretary	Finance/Admin.	NY
55023	G-2	Warehouse clerk	Operations	GE
55024	G-2	Warehouse clerk	Operations	GE
87406	G-1	Warehouseman	Operations	GE
87405	G-1	Warehouseman	Operations	GE

International Professional	36
General Service	39
Total	75